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SAPC 24811
COPY 1 OF 2

AUDIT REPORT NO. RW-35

SUBJECT: Analysis of Proposal Covering Field Service Requirements, First Half of 1958, The Ramo-Wooldridge Corporation

TO: Contracting Officer

1. An audit has been made of the referenced proposal, submitted by CMCC Document No. 151X5.904.

2. The scope of the audit was limited to verification of computations and analysis of direct labor and overhead rates used and funding estimate proposed.

3. Direct Labor Rates Used in Proposal Exhibit A:-

The following schedule shows hourly rates used in Exhibit A of the proposal and actual average rates

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	Proposal Rates	Average Rates As of 12 Jan 1958
Members of the Technical Staff	[redacted]	
Field Engineers		
Field Technicians		

The average rates for 12 January 1958 were determined by an analysis by contractor's personnel and were not verified by the AF auditor. Overseas allowances were not included.

4. Overhead and G and A Rates Used on Proposal Exhibit A:-

The R and D overhead rate 25X1A [redacted] and G and A rate 25X1A [redacted] are based on the contractor's forecast for 1958. Provisional billing rates presently being used, which have been approved by the AF Contracting Officer are 25X1A [redacted] and

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25X1A

[redacted] respectively.

5. On the proposal Exhibits B, C, and D, the amounts shown as estimated funding required exceed amounts which would be billable for estimated services required if contract man-month rates for the last half of 1957 were used in computing amounts billable. Contractor's representatives informed the auditor that a preliminary analysis indicated that higher man-month rates would be proposed for 1958 and this fact was taken into consideration in making the estimate of funding required.

6. It is the opinion of the auditor that

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the labor, overhead, and G and A rates used in Exhibit A of the proposal are reasonable. A general wage

25X1A

increase [redacted] which was effective 3 February 1958 will result in actual average labor rates higher than those shown in paragraph 3 above as of 12 January 1958. It is also the opinion of the AF auditor that funding estimates shown in Exhibits B, C, and D of the proposal are reasonable.

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